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Chicagoland Apartment Association

House Amendment #1 – H.B. 5574 OPPOSE

The Chicagoland Apartment Association (CAA) is an association of multifamily professionals who own and manage over 225,000 market rate and affordable rental apartments across the state. **CAA OPPOSES House Amendment #1 to H.B. 5574 (Ramirez)**, otherwise known as the “COVID-19 Economic Recovery Renter and Homeowner Protection Act,” as an ineffective measure to respond to the devastating impacts of the COVID-19 pandemic. The proposal does not focus its relief efforts on those who are truly impacted by this crisis, but rather forces owners to “cancel” rent, negating contracts in place without possessing the legal capacity to do so.

Overall, we oppose H.B. 5574 because we believe in the longer term it will do irreversible damage to the rental housing industry, making a bad situation worse, resulting in even fewer affordable housing options for those most in need.

Specifically,

- 1. This bill is expansive and deserves to be debated or vetted in an open setting.** Not once has this bill been posted for a public hearing to gather input from those who are directly impacted.
- 2. H.B. 5574 ignores the true costs apartment owners face when it comes to building management.** Property owners and landlords cover costs of utilities, repairs, maintenance, employees, capital, debt, insurance, property taxes, and other evolving expenditures required in response to the pandemic. Many landlords are small businesses or families who have taken on a lot of risk to invest in a property and would face foreclosure under this proposal.
- 3. This bill sets out a broad timeline, vague definitions, and offers broad span of provisions, including some, such as rent control, that have failed repeatedly in other states.**
- 4. It does not focus its relief efforts on those who are truly impacted by this crisis.** Therefore, it serves as a thinly-veiled attempt to pass rent control measures that have been shown to fail to increase the supply of affordable housing in other parts of the country over the long term. It is wrong to use this crisis to advance a failed legislative agenda, instead of truly helping those in need now, in a balanced and realistic approach.
- 5. Landlords want to be partners with tenants.** As we are already doing in thousands of incidences, we continue to want to work together, helping tenants stay in their homes, and help craft sound public policy for our state.

This is a difficult time for millions of people, many of whom reside in our multi-family housing communities. We understand renters are not immune from these unprecedented pressures, and our members have been proactively working with tenants by offering payment plans, fee waivers, deferred payments when necessary, and most importantly, showing increased compassion and grace. The multifamily

community is currently operating as an “essential business” under Governor Pritzker’s Stay-at-Home Order. Our work *is* essential: multifamily professionals are showing up to work each day to fully occupied buildings, delivering meals and packages straight to tenants’ doors, filling work orders on broken toilets and sinks, and ensuring the cleanliness of common spaces to prevent the spread. We’re all in.

Under this proposal, financial strain on our members could cause many maintenance, leasing and facility employees to face furloughs or layoffs. The timeline for this break with contracts hinges on a return to a historic low unemployment rate – a goal that could take years to achieve.

H.B. 5574 ignores the true costs apartment owners face when it comes to building management expecting landlords to cover costs of utilities, repairs, maintenance, employees, capital, debt, insurance, property taxes, and other needs in response to the pandemic – without the rent payments that make the landlord-renter partnership viable. It does not fully cover mortgage costs or identify a way of paying them in total. Many landlords are small businesses or families who have taken on a lot of risk to invest in a property, and who would face foreclosure under this proposal.

In both Executive Orders which enacted and extended the Stay at Home order, Governor Pritzker reinforced the obligation to pay rent and comply with leases or rental agreements. Likewise, in several of his daily press conferences, Governor Pritzker has emphasized the need for a balanced and nuanced approach to addressing the state’s housing needs amid the crisis. According to the National Multifamily Housing Council, 87.7% of renters nationwide had made full or partial May rent payments by May 13, 2020. Under House Amendment #1 to H.B. 5574, nearly all apartment renters would now be eligible for rent cancellation for 6 months or more. Surely this is not a proposal that balances the needs of all of those involved in the equation, which Governor Pritzker has repeatedly emphasized as being necessary to a solution.

Access to ‘rent relief’ is possible without a full “cancellation” of rental obligations. This can be achieved through expanded state relief in the form of direct rental assistance for struggling tenants. This targeted relief, coupled with the previously expanded unemployment benefits by the state and federal government, will help those experiencing financial hardship due to the pandemic to be able to pay for living expenses, like rent.

At a time when economic recovery is needed quickly, this proposal fails to protect against foreclosures which would exacerbate long-lasting harm to renters and owners. This legislation serves as a thinly-veiled attempt to pass rent control measures that have been shown to fail to increase the supply of affordable housing in other parts of the country over the long term.

We appreciate the courage the General Assembly has shown in order to convene as a body and deliver relief to Illinoisans. We believe that state legislators, who are tasked with ensuring the vitality of our state’s public and economic health, will prioritize balanced policies during the emergency session. **We OPPOSE House Amendment #1 to H.B. 5574** which fails to deliver such a balance, and in fact threatens to irreparably destabilize the multifamily industry and the housing market in Illinois.